

## **820 KAR 1:040. Bingo standards.**

RELATES TO: KRS 238.545

STATUTORY AUTHORITY: KRS 238.515(2), (9), 238.545(1)(b)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 238.515(9)

authorizes the department to promulgate administrative regulations necessary to carry out the purposes and intent of KRS Chapter 238. KRS 238.515(2) authorizes the department to establish charitable gaming standards. KRS 238.545(1)(b) requires the department to promulgate an administrative regulation concerning use and control of card-minding devices. This administrative regulation establishes standards for the construction and distribution of bingo materials and equipment and for the conduct of play of bingo, including standards relative to card-minding devices.

Section 1. Bingo Material Construction Standards. The following standards shall govern the construction of bingo materials:

(1) The paper used to construct paper bingo cards or faces shall be of sufficient weight and quality to allow for clearly readable numbers and to prevent ink from spreading or bleeding through a packet thereby obscuring other numbers or cards.

(2) Perm numbers shall be displayed on the card.

(3) Numbers displayed on the card shall be randomly assigned.

(4) Each set of cards shall be comprised of cards bearing the same serial number. A serial number shall not be repeated by the same manufacturer within one (1) year.

(5) Cards assembled in books or packets shall be glued. Staples shall not be used.

(6) A label shall be placed on, or be visible from, the exterior of each carton of paper bingo cards listing the following information:

(a) Type of product;

(b) Number of booklets or loose sheets;

(c) Series numbers;

(d) Serial number of the top sheet;

(e) Number of cases;

(f) Cut of paper; and

(g) Color of paper.

Section 2. Bingo Equipment Approval. (1) Designators, receptacles, display boards, other selection devices, and other bingo equipment used in the selection and display of game numbers shall be made available for inspection or testing by the department at any time.

(2) Equipment referenced in subsection (1) of this section shall assure randomness and be free of any defects when used in a bingo game.

(3)(a) A card-minding device and associated site system shall not be sold, leased, or otherwise furnished to any person for use in the conduct of bingo until it has first been tested and approved by an independent testing facility, demonstrated to the department by the manufacturer if requested, and approved by the department.

(b) For a custom card-minding device, a device which is identical to the one (1) intended to be sold, leased, or otherwise furnished to any person for use in the conduct of bingo shall be tested and approved.

(c) For a standard card-minding device, a device which contains identical software to the standard card-minding device intended to be sold, leased, or otherwise furnished shall be tested and approved.

(4) The testing facility shall be approved by the department and the device and software shall be submitted at the manufacturer's expense. The testing facility shall ensure that the device and proprietary software conform to the restrictions and conditions set forth in this administrative regulation.

(5) Any modifications to a custom card-minding device or the software in a standard card-minding device shall be tested and approved by the department prior to its use.

(6)(a) The department, in consultation with the independent testing lab, shall determine whether all proprietary software and card-minding devices required to be tested by this administrative regulation, as well as other components of card-minding device systems, conform to the

requirements and restrictions contained in this administrative regulation.

(b) Once the department has received the test results from the independent test lab, the department may request a demonstration of the product within thirty (30) days.

(c) The department shall either approve or disapprove the submission and inform the manufacturer of the results within thirty (30) days of the demonstration.

(7) Manufacturers may conduct routine maintenance activities and replace secondary components of a card-minding device system without prior department approval or additional testing as long as this activity does not affect the operation of any proprietary software or the manner in which a bingo game is played.

(8)(a) If the department detects or discovers any problem with a card-minding device system that affects the security or the integrity of the bingo game or the card-minding device system, the department shall direct the manufacturer, distributor, or charitable organization to cease the sale, lease, or use of the card-minding device system until the problem is corrected.

(b) The department shall require the manufacturer to correct the problem or recall the card-minding device system immediately upon notification by the department to the manufacturer.

(c) If the manufacturer, distributor, or charitable organization detects or discovers any defect, malfunction, or problem with the card-minding device system that affects the security or the integrity of the bingo game or card-minding device system, the manufacturer, distributor, or charitable organization shall immediately notify the department.

(9)(a) Distributors and charitable organizations shall not add or remove any software programs to an approved card-minding device system without the permission of the manufacturer.

(b) If the department detects or discovers a card-minding device system at a playing location that is using components or software that were required to have been approved by the department but have not been approved, the card-minding device system shall be determined to have an unauthorized modification and the use of the system shall cease immediately.

Section 3. Requirements for Manufacturers of Card-minding Device Systems. (1) Manufacturers of card-minding device systems shall manufacture each site system to include a point of sale station and an internal accounting system that is capable of recording the charitable organization's sale of card-minding devices.

(2)(a) Manufacturers of card-minding device systems shall ensure that the site system has dial-up capability, so that the department has the ability to remotely verify the operation, compliance, and internal accounting systems of the site system at any time.

(b) The manufacturer shall provide to the department all current protocols, passwords, and any other required information needed to access the system.

(c) The department shall be notified of any changes in the protocols, passwords, and any other required information needed to access the system at least ten (10) days prior to the change.

(d) Any reports maintained or generated by the card-minding device system shall be capable of being downloaded or otherwise accessed via the modem.

(3) Manufacturers of card-minding device systems shall manufacture each site system to ensure that an internal accounting system is capable of recording and retaining for a period of not less than twelve (12) months:

(a) The serial number of each bingo card sold for card-minding device use;

(b) The price of each card or card package sold;

(c) The total amount of the card-minding device sales for each session;

(d) The total number of card faces sold for use with card-minding devices for each session;

(e) The serial number of each custom card-minding device sold; and

(f) The terminal number or account number associated with each standard card-minding device sold.

(4)(a) The information referenced in subsection (3) of this section shall be secure and shall not be accessible for alteration during the session.

(b) The site system shall have report generation software with the capability to print all information required to be maintained on the site system's active or archived databases.

(5) Manufacturers of card-minding device systems shall manufacture each site system to ensure that the applicable point of sale station is capable of printing a receipt for each sale or void of a card-minding device that includes, at a minimum, the following information:

(a) The date and time of the transaction;

(b) The dollar value of the transaction and quantity of associated products;

(c) The sequential transaction number;

(d) The session in which the product was sold;

(e) Each card face serial number or range of serial numbers;

(f) The serial number of each custom card-minding device sold; and

(g) The terminal number or account number for each standard card-minding device sold.

(6) Card-minding device systems may include player tracking software. Player tracking records shall at all times be the property of the charitable organization and neither the manufacturer nor the distributor shall utilize or make available to any person, other than the department or as otherwise authorized by law, the information contained within the player tracking software without the express permission of the charitable organization.

(7) Manufacturers of card-minding device systems shall provide a method that enables the verification of winning cards and the ability to create a physical representation for posting or recordkeeping purposes.

(8)(a) Manufacturers of card-minding device systems shall employ sufficient security safeguards in designing and manufacturing the card-minding device system so it can be verified that all proprietary software components are authentic copies of the approved software components and all functioning components of the card-minding device system are operating with identical copies of approved software programs.

(b) The system shall have sufficient security safeguards so that any restrictions or requirements authorized by the department or any approved proprietary software are protected from alteration by unauthorized personnel.

(c) Examples of security measures that may be employed to comply with these provisions include the use of dongles, digital signature comparison hardware and software, secure boot loaders, encryption, and key and callback password systems.

(9) Manufacturers of card-minding device systems shall ensure that a card-minding device does not allow any bingo card faces other than those verifiably purchased by the patron to be available for play.

(10) A manufacturer shall not display, use or otherwise furnish a card-minding device which has in any manner been marked, defaced, tampered with, or which is otherwise intended to deceive the public or affect a person's chances of winning.

Section 4. Distributor Requirements for Card-minding Device Systems. (1) Before initial use by a charitable organization, each distributor that leases, sells or otherwise furnishes a card-minding device system shall submit to the department Form DIS-INS, "Distributor's Report of Installation". The form shall contain the following:

(a) The playing location name, physical address, telephone number, and facility license number, if applicable, where the card-minding device system is located;

(b) The model number and total number of card-minding devices installed at the playing location;

(c) The date the card-minding device system was installed;

(d) The model, version and serial numbers or terminal numbers of the card-minding devices and site system equipment;

(e) The name and license number of the charitable organization to whom the card-minding device system was sold, leased, or otherwise furnished; and

(f) The name and license number of the manufacturer or distributor from whom the card-minding device system was leased, purchased or otherwise obtained.

(2)(a) Before initial use by a charitable organization, each distributor that leases, sells, or otherwise furnishes a card-minding device system that will be used at multiple locations, shall submit to the department Form DIS-MLU, "Distributor's Report of Multiple Location Use.

(b) The card-minding device system shall remain at the playing location and date provided for the charitable organization for one (1) hour after the close of the session to allow the department access to the modem.

(3) Each distributor that leases, sells or otherwise furnishes a card-minding device system shall submit to the department Form DIS-AR, "Distributor's Report of Addition or Removal" or Form DIS-MLU-AR, "Distributor's Report of Multiple Location Use Addition or Removal", notifying the department or electronically in a format prescribed by the department of the same information required in subsection (1) of each card-minding device that is removed or added from a playing location and any card-minding device that is added or removed from those being used at multiple locations within ten (10) days of the addition or removal.

(4) Before the complete removal or hardware upgrade of any card-minding device system, the distributor shall supply a copy of the data files to each charitable organization which used the card-minding device system.

(5) A distributor shall not display, use, or otherwise furnish a card-minding device which has in any manner been marked, defaced, tampered with, or which is otherwise intended to deceive the public or affect a person's chances of winning.

Section 5. Requirements for Charitable Organizations Using Card-minding Device Systems. (1) Before initial use of a card-minding device system by a charitable organization, the organization shall ascertain that the particular device is approved by the department for use in the Commonwealth.

(2) A licensed charitable organization shall not require a player to use a card-minding device in playing bingo.

(3) A licensed charitable organization shall not display, use, or otherwise furnish a card-minding device which has in any manner been marked, defaced, tampered with, or which otherwise may deceive the public or affect a player's chances of winning.

(4) If a player's card-minding device becomes inoperable during a bingo game, it shall not be replaced while the game is in progress. It may be repaired if the repair will not interrupt the game.

(5) Each card-minding device shall be limited to offering for play a maximum of seventy-two (72) card faces during any one (1) game of a session.

(6) The charitable organization shall take reasonable safeguards to ensure that the card-minding device system does not allow a card-minding device to be used to obtain a bingo prize for any bingo game other than for a game within the bingo session for which the card-minding device was sold.

(7) The department may examine and inspect any card-minding device and site system, including immediate access to the card-minding device and unlimited inspection of all parts of the site system.

Section 6. Tracking by Manufacturer. (1) Every manufacturer of bingo materials shall maintain records sufficient to track the bingo materials from the manufacturer to the next point of sale for thirty-six (36) months. The records shall be subject to inspection by department staff.

(2) Each manufacturer selling, leasing or otherwise furnishing card-minding device systems shall maintain a single log or other record showing the following:

(a) The date of the transaction with the distributor;

(b) The model, version and serial number of each custom card-minding device;

(c) The account number or terminal number of each standard card-minding device;

(d) The model and version number of all components of the site system software; and

(e) The name and license number of the distributor to whom the card-minding device system was sold, leased or otherwise furnished.

(3)(a) Manufacturers selling, leasing, or otherwise providing card-minding device systems to distributors shall provide the distributor with an invoice or other documentation that contains, at a minimum, the following information:

1. The date of sale and the time period covered by the invoice;

2. The quantity sold or leased; and

3. The total invoice amount.

(b) The manufacturer shall maintain physical or electronic copies of the invoice or documentation for a period of thirty-six (36) months.

(4)(a) Manufacturers furnishing a card-minding device system shall maintain records showing:

1. The brand or model name, serial number and any other identifying characteristics of the card minding device systems furnished;

2. The identity of any licensed distributors to which the card-minding device systems were furnished; and

3. The date they were furnished.

(b) Each manufacturer shall provide to the department on a quarterly basis copies of distribution agreements with distributors concerning approved card-minding device systems.

(c) Each manufacturer shall record the name, address and social security number of any employee, agent or private contractor who functions as a manufacturer representative at any bingo session where the manufacturer's card-minding device systems are furnished.

Section 7. Tracking by Distributor. (1) Every distributor of bingo materials shall maintain records sufficient to track the bingo materials from purchase by the distributor to the next point of sale for thirty-six (36) months. The records shall be subject to inspection by department staff.

(2) Each distributor selling, leasing, or otherwise furnishing card-minding device systems shall maintain a single log or other record showing the following information:

(a) The playing location name, physical address, telephone number, and facility license number, if applicable, where the card-minding device system is located;

(b) The modem number and quantity of card-minding devices at each playing location;

(c) The date the card-minding device system was installed or removed;

(d) The model, version and serial numbers or terminal numbers of the card-minding devices and site system equipment;

(e) The name and license number of the charitable organization or distributor to whom the card-minding device system was sold, leased or otherwise furnished; and

(f) The name and license number of the manufacturer or distributor from whom the card-minding device system was purchased, leased or otherwise obtained.

(3)(a) Distributors selling, leasing, or otherwise providing card-minding device systems to charitable organizations or distributors shall provide the charitable organization or distributor with an invoice or other documentation that contains, at a minimum, the following information:

1. The date of sale and the time period covered by the invoice;

2. The quantity sold or leased; and

3. The total invoice amount.

(b) The distributor shall maintain physical or electronic copies of the invoice or documentation for a period of thirty-six (36) months.

(4) Each licensed distributor furnishing card-minding device systems shall maintain the following records for thirty-six (36) months:

(a) The brand or model name, serial number and any other identify-

ing characteristics of the card-minding devices furnished and the date they were furnished;

(b) The name, address and license number of the charitable organizations to which card-minding devices were furnished, including the specific brand or model name and serial number of devices furnished to the particular organization;

(c) The name, address and license number of any manufacturer from which card-minding devices were obtained, including the specific brand or model name and serial number of devices obtained;

(d) The name, address and license number of any distributor to which card minding devices were furnished or from which card-minding devices were obtained, including the specific brand or model name and serial number of devices obtained;

(e) The total dollar amount of card-minding device sales or lease transactions regarding each charitable organization to which card-minding devices were furnished during each calendar quarter;

(f) The name, address and social security number of any distributor agent, employee or private contractor who functions as a distributor's representative at any bingo session where card-minding devices are furnished by the distributor to a charitable organization; and

(g) Contracts, leases or purchase agreements between distributors of card-minding devices and the charitable organizations to which the devices are furnished.

Section 8. Rules of Play. The following rules of play shall govern the conduct of bingo games:

(1) All individuals involved in any way in the conduct of bingo shall be trained in the proper conduct of the game and the control of funds.

(2) Except for Braille cards intended for use by blind players, bingo cards or card minding devices shall not be reserved by the charitable organization for any player. Legally blind players may use their own cards if the licensee does not make Braille cards available.

(3) Disposable paper bingo cards that have the same series number shall not be sold for use in the same game.

(4) A distributor or manufacturer may have a representative present at any bingo session at which their card-minding devices are furnished to a charitable organization and this representative, if present, shall be considered an agent, employee or contractee of the distributor or manufacturer, as circumstances warrant.

(5) Before selecting or calling the first number in a game, the bingo caller shall call out the amount of the game prize to be awarded.

(6) Before selecting and calling the first number in a game, the bingo caller shall announce the pattern or arrangement of squares to be covered to win the game. This information shall also be posted in a conspicuous place or listed in an occasion program.

(7) All selection equipment shall be free of defects.

(8) After selecting each number, the bingo caller shall:

(a) Clearly announce the number;

(b) Display the ball or other device used as a designator in a manner allowing the players to see the number;

(c) Cause the designator to be placed in a receptacle so as to prevent it from being placed back in the selection pool; and

(d) Enter each letter and number called on a flash board or similar device for player viewing.

(9) A player or charitable organization shall not separate cards on one (1) sheet or from a packet.

(10) All players shall be physically present at the location where the bingo game is held to play the game or to claim a prize offered.

(11) A winner shall be determined when the preannounced pattern of squares is covered by a player on a card.

(12) It shall be the player's responsibility to notify the game operator or caller that the player has a winning bingo combination as announced. When a player declares a winning card, the following steps shall be followed for winner verification:

(a) The game shall be stopped before the next number is called. If the next number has already been called, it shall be secured to ensure that if the declared "bingo" is invalid, the game may continue.

(b) A volunteer for the charitable organization shall show the win-

ning card to a neutral player, and call back the perm number if an electronic verifier or verifier book is used while in front of the neutral player. If any other system is used, a volunteer for the charitable organization shall show the winning card to a neutral player, and call back the winning combination while in front of the neutral player.

(13) If the department or any player requests verification of a winning card face played on a card-minding device, the session chairperson shall print the winning card face and post it in a conspicuous location where it may be viewed in detail. Winning card faces requested for posting shall remain posted for at least thirty (30) minutes after the completion of the last bingo game at the particular session.

(14) If more than one (1) winner is declared in a bingo game, the following method of awarding prizes shall apply:

(a) Cash prizes shall be divided equally among the verified winners; and

(b) If the prize is something other than cash and cannot be divided among winners, prizes of equal proportionate value shall be awarded.

(15) Any individual involved in any capacity in the conduct of charitable gaming at which bingo cards are sold shall not purchase or play bingo cards, unless the individual's duties are completed for that bingo session.

(16) A charitable organization that has "house rules" concerning its bingo session shall post those rules in at least two (2) conspicuous locations within the gaming facility and announce them prior to the commencement of the bingo session.

(17) Every ball in the bingo machine or other device used as a designator shall be placed out for verification at the commencement and at the completion of each bingo session.

Section 9. Winner Verification and Registration. (1) Manufacturers of bingo cards shall make available for purchase a verification book or other verification system for all cards manufactured.

(2) The charitable organization conducting a bingo game shall use a reliable verification system that corresponds with the set of cards in play.

Section 10. Prizes. (1) The values of bingo cards or free packets or charity game tickets awarded players, whether awarded as door or bingo prizes, as birthday prizes, or for any other reason, shall be included in the prize limit of \$5,000 per twenty-four (24) hour period prescribed in KRS 238.545(1).

(2) Each bingo winner shall be determined and every prize shall be awarded and delivered on the same day on which the bingo was conducted.

(3)(a) Carryover, cumulative or progressive games or prizes connected to a bingo game or conditioned on winning a bingo game shall be permitted only if prizes awarded on carryover, cumulative or progressive games are included in the prize limit of \$5,000 per twenty-four (24) hour period prescribed in KRS 238.545(1) regardless of the method by which a player is eligible to participate.

(b) The licensed charitable organization shall be responsible for ensuring that the value of any carryover, cumulative or progressive game prize, when added to the values of the other prizes of the same date or occasion, does not exceed the \$5,000 limit.

(c) All receipts on carryover, cumulative or progressive games shall be reported to the department as gross receipts for the date collected pursuant to KRS 238.550.

(4) Any method by which players pay money to be eligible for a drawing, whether or not connected to a bingo game or conditioned on winning a bingo game, shall be considered a raffle.

(5) Each licensed charitable organization awarding a door prize of a value exceeding thirty (30) dollars shall maintain accurate records of the following:

(a) The name and address of the individual to whom the door prize was awarded;

(b) The date on which the door prize was awarded;

(c) A description of the door prize;

(d) The fair market value of the door prize; and

(e) An acknowledgment by the individual to whom the door prize was awarded verifying the information in this subsection and verifying receipt of the door prize.

(6) All door prizes shall be initiated and awarded on the same date and shall be included in the prize limit of \$5,000 per twenty-four (24) hour period as prescribed in KRS 238.545(1).

Section 11. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) Form DIS-INS, "Distributor's Report of Installation" (3-04);

(b) Form DIS-AR, "Distributor's Report of Addition or Removal" (3-04);

(c) Form DIS-MLU, "Distributor's Report of Multiple Location Use" (3-04); and

(d) Form DIS-MLU-AR, "Distrubutor's Report of Multiple Location Use Addition or Removal" (3-04).

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Charitable Gaming, 132 Brighton Park Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (22 Ky.R. 439; eff. 10-13-95; Recodified from 500 KAR 11:040; 2-23-99; 26 Ky.R. 231; 630; 761; eff. 10-15-99; 30 Ky.R. 1608; 2156; eff. 4-12-2004.)